

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 PM-04 NSC-05 SP-02 SS-15 L-03  
CIAE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01 /057 W  
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P R 011531Z MAR 77  
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AMEMBASSY MADRID  
AMEMBASSY MOSCOW  
AMCONSUL OPORTO  
AMEMBASSY PARIS  
AMCONSUL PONTA DELGADA  
USMISSION NATO  
/DIA WASHDC  
USCINCEUR VAHINGEN GER

C O N F I D E N T I A L LISBON 1629

E.O. 11652: XGDS-2  
TAGS: PINT PO  
SUBJECT: REACTION TO SOARES SPEECH

SUMMARY: MARIO SOARES'S FEB 28 ADDRESS TO THE NATION  
ON THE GOVERNMENT'S ECONOMIC MEASURES RECEIVED QUALIFIED  
SUPPORT FROM THE PSD AND CDS, STRAIGHT COVERAGE IN THE  
MODERATE, PRESS, AND NEGATIVE REACTION IN THE COMMUNIST  
PRESS. SINCE THE ANNOUNCEMENT OF THE AUSTERITY PROGRAM,  
THE PSD AND CDS HAVE CONSISTENTLY PRAISED THE DECISION  
TO ADOPT TOUGH MEASURES, WHILE CRITICIZING ASPECTS OF  
THE GOVERNMENT PROGRAM. NEITHER PARTY WANTS TO ACCEPT  
RESPONSIBILITY FOR UNPOPULAR MEASURES. END SUMMARY.

1. POLITICAL REACTION: ALTHOUGH THE POLITICAL PARTIES  
HAVE NOT YET REACTED FORMALLY TO THE FEB 28 SOARES  
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SPEECH ON THE GOVERNMENT'S ECONOMIC MEASURES (SEPTTEL),  
PSD AND CDS LEADERS OFFERED THE FOLLOWING INSTANT  
COMMENTARY:  
-- PSD OFFERS CRITICAL SUPPORT: PSD ASSEMBLY FLOOR  
LEADER SERVULO CORREIA CALLED THE PRIME MINISTER'S  
SPEECH A POSITIVE DEMONSTRATION OF THE GOVERNMENT'S  
INTENTION TO ATTACK THE CRISIS THROUGH CONCRETE

MEASURES. HE SAID, HOWEVER, THAT THE PSD WAS CONCERNED THAT SOARES HAD NOT EXPLAINED CLEARLY ENOUGH THE REASONS FOR THE MEASURES TAKEN, NOR THE POSITIVE EFFECTS OF THE GOVERNMENT'S PROGRAM. CORREIA REPEATED THE PSD THESIS THAT A SOCIALIST GOVERNMENT, ACTING ALONE, DOES NOT HAVE THE CAPACITY TO STIMULATE ECONOMIC RECOVERY.

-- CDS CRITICIZES TIMING: CDS VICE PRESIDENT AMARO DA COSTA SAID SOARES SHOULD HAVE ANNOUNCED THE MEASURES PERSONALLY ON FEB 25 OR WAITED LONGER FOR PUBLIC REACTION BEFORE DEFENDING THE PROGRAM. THE CDS SECRETARIAT PRAISED THE GOVERNMENT FOR ADOPTING REALISTIC POLICIES BUT DECLINED TO IDENTIFY ITSELF WITH THE GOVERNMENT MEASURES. THE CDS NONETHELESS, OFFERED "TO CONTRIBUTE TO THE RESOLUTION OF THE SERIOUS PROBLEMS AHEAD."

2. MEDIA REACTION: MODERATE NEWSPAPERS PLAYED THE STORY STRAIGHT MAR 1, WHILE PRO-COMMUNIST PAPERS WERE NEGATIVE. PRO-GOVERNMENT, LEADING-CIRCULATION "DIARIO DE NOTICIAS" GAVE THE STORY THESE BANNER HEADLINES: FRONT PAGE -- "CALMLY, BUT FIRMLY, MARIO SOARES SPOKE TO THE PORTUGUESE: WE EITHER HAVE ECONOMIC RECOVERY OR WE RETURN TO DICTATORSHIP"; PAGE 3 -- "PORTUGAL MUST LEARN TO LIVE WITH WHAT IT HAS"; PAGE 4 -- "MARIO SOARES STATEMENT TO THE PORTUGUESE: A POLICY TO OVERCOME THE CRISIS AND SAVE THE REVOLUTION." CENTER-RIGHT "O DIA" HAD THIS FRONT-PAGE LEAD HEADLINE: "MARIO SOARES' APPEAL TO THE PORTUGUESE: TO COME OUT  
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OF THE 'TUNNEL', THREE OR FOUR YEARS OF AUSTERITY." COMMUNIST "O DIARIO" PAGE 1 HEADLINE WAS "MARIO SOARES, NOTHING NEW," WITH STATEMENT IN LEAD THAT SOARES STATEMENT "WAS NOT AS IMPORTANT AS THE GOVERNMENT PARTY HAD LED US TO BELIEVE." COLUMNIST JORGE FIGUEIREDO IN "O DIARIO" CLAIMED THAT PORTUGAL'S EXTERNAL DEBTS WERE TWICE AS LARGE AS FIGURE SOARES GAVE. FIGUEIREDO SAID SOARES NOT ONLY USED ERRONEOUS TOTAL BUT ALSO FAILED TO CALCULATE EFFECT OF DEVALUATION. MEDIA COMMENTARY SCANT SO FAR.

3. COMMENT: THE DEMOCRATIC OPPOSITION PARTIES HAVE ADOPTED A POSITION OF QUALIFIED SUPPORT FOR THE GOVERNMENT'S AUSTERITY PROGRAM. THE PSD AND CDS WILL BACK THE GOVERNMENT AGAINST ANY COMMUNIST EFFORT TO FOMENT RESISTANCE TO THE TOUGH MEASURES. BUT, THE SOCIAL DEMOCRATS AND CENTER DEMOCRATS ARE RELUCTANT TO SHARE RESPONSIBILITY FOR UNPOPULAR MEASURES. CDS SEC GEN BASILIO HORTA COMPLAINED TO EMBOFF FEB 28 THAT,

DESPITE RECENT COOPERATION WITH THE SOCIALISTS, THE  
CDS HAD NOT BEEN CONSULTED BY THE GOVERNMENT ON THE  
AUSTERITY PACKAGE. HIS PARTY, HE SAID, HAD ONLY BEEN  
INFORMED OF WHAT HAD BEEN DECIDED. HORTA SAW THE PSD  
AND CDS MOVING TOWARD SIMILAR POSITIONS IN WHICH  
NEITHER WOULD MAKE ANY MOVE TO TOPPLE THE GOVERNMENT,  
BUT NEITHER WOULD MAKE IT EASY FOR THE SOCIALISTS TO  
CONTINUE GOVERNING ALONE.

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## Message Attributes

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